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Audit Of
The House Of Representatives
Restaurant For The Period
June 24, 1973, To July 6, 1974

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

GGD-75-38

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JAN. 28, 1975



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114891

The Honorable Wayne L. Hays, Chairman
Committee on House Administration
House of Representatives

Dear Mr. Chairman:

We audited the House of Representatives Restaurant for the period June 24, 1973, to July 6, 1974, pursuant to section 208(c) (2) of the act of October 9, 1940 (40 U.S.C. 174k).

GENERAL COMMENTS

The House Restaurant is operated primarily for Members and employees of the House. House Resolution 317, 92d Congress, made permanent by Public Law 92-51, approved July 9, 1971, assigned responsibility for operating the Restaurant to the Committee on House Administration and direct supervision to the Select Committee on the House Restaurant.

The Restaurant facilities consist of (1) two cafeterias, one each in the Longworth and Rayburn Buildings, (2) the congressional and Members' dining rooms in the House wing of the Capitol, (3) a catering service in the Rayburn Building, (4) a bakery in the Longworth Building, and (5) four carryouts, one each in the Longworth, Cannon, Rayburn, and Capitol Buildings. During fiscal year 1974 the Longworth Building Cafeteria was normally open on Saturday. When the Congress adjourns for a long period, one of the cafeterias and the congressional and Members' dining rooms close.

Sales and, when needed, allocations from the appropriations for House of Representatives Miscellaneous Items provide funds for operating the Restaurant. In accordance with the act of October 9, 1940, these funds are deposited with the Treasurer of the United States to the credit of the Restaurant's Revolving Fund. Funds appropriated to the Architect of the Capitol for construction or maintenance are available to the Restaurant for purchasing equipment. These purchases are not recorded as assets of the Restaurant.

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OPERATIONS

House Restaurant operations in fiscal year 1974 resulted in a net income of \$52,988, compared with a net income of \$18,881 in fiscal year 1973. The increase in net income resulted primarily from increased sales.

A condensed comparison of food and beverage and cigar-stand merchandise sales with operating results for each of the Restaurant facilities for fiscal years 1974 and 1973 follows.

	1974		1973	
	<u>Sales</u>	<u>Operating profit or loss (-)</u>	<u>Sales</u>	<u>Operating profit or loss (-)</u>
Food and beverages:				
Dining rooms:				
Congressional Members'	\$ 281,534	\$-196,453	\$ 221,454	\$-154,909
	26,134	-35,636	18,982	-30,453
Cafeterias:				
Longworth Building	593,283	10,682	441,186	5,396
Rayburn Building	410,266	8,879	359,747	3,314
Carryout service:				
Longworth Building	148,393	30,381	89,178	20,946
Cannon Building	179,570	42,344	143,624	26,304
Rayburn Building	135,417	30,424	96,660	17,824
Capitol Building	113,283	18,202	94,193	15,452
Catering service:				
Rayburn Building	267,815	75,973	205,349	54,359
Bakery	(a)	-8,158	(a)	-12,343
Total	<u>\$2,155,695</u>	<u>\$-23,362</u>	<u>\$1,670,373</u>	<u>\$-54,110</u>
Number of guests served	<u>2,002,084</u>		<u>1,665,873</u>	
Cigar-stand merchandise:				
Congressional dining room	\$ 32,156	\$ 7,948	\$ 26,471	\$ 7,266
Cafeterias:				
Longworth Building	177,127	36,471	149,554	35,941
Rayburn Building	93,697	23,339	85,947	21,570
Carryout service:				
Capitol Building	<u>10,362</u>	<u>2,910</u>	<u>10,767</u>	<u>2,771</u>
Total	<u>\$ 313,342</u>	<u>\$ 70,668</u>	<u>\$ 272,739</u>	<u>\$ 67,548</u>

a/ Sales of \$74,823 in fiscal year 1974 (\$42,161 in fiscal year 1973) were made to other Restaurant facilities and are included in their costs.

A comparative statement of assets and liabilities of the House Restaurant on July 6, 1974, and June 23, 1973; a comparative statement of operations for fiscal years 1971, 1972, 1973, and 1974; and a statement of changes in financial position for fiscal year 1974 are presented as schedules 1, 2, and 3. A comparison of sales and operating results for each of the units for fiscal year 1974 is presented as an exhibit.

ACCOUNTING CHANGE

Because the accounting period of the restaurants is every 4 weeks instead of monthly, periodically the final accounting period must be changed to cause the end of the restaurants' fiscal year to coincide with or approximate the end of the Government's fiscal year. This year the final accounting period was changed from 4 to 6 weeks so that the restaurants' fiscal year ended on July 6, 1974.

ACCOUNTS RECEIVABLE

A comparison of accounts receivable at June 30, 1974 and 1973 follows.

<u>Days outstanding</u>	<u>June 30, 1974</u>		<u>June 30, 1973</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30	\$50,316	52.5	\$39,142	58.9
31 to 60	25,266	26.4	18,627	28.1
61 to 90	10,428	10.9	4,730	7.1
Over 90	<u>9,842</u>	<u>10.2</u>	<u>3,919</u>	<u>5.9</u>
Total	<u>\$95,852</u>	<u>100.0</u>	<u>\$66,418</u>	<u>100.0</u>

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards and included a review of operations and of applicable Federal laws, an observation of the physical count of stock on hand, an examination of selected financial transactions and records, a verification of Members' account balances through confirmations, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1, 2, and 3) on the basis of accounting records maintained by the

House Restaurant Accounting Office. The accrual method of accounting was used except for costs of equipment and furnishings purchased with the restaurants' funds. These costs were charged to operations in the year in which they were acquired rather than over the period of their useful lives.

The statements do not include the cost of equipment and furnishings acquired with funds appropriated to the Architect of the Capitol or the cost of certain benefits and services, such as space, ordinary building repairs and maintenance, utilities, garbage disposal, menus and forms printed by the Government Printing Office, and services of the staffs of the Select Committee on the House Restaurant and the Committee on House Administration, all of which are furnished to the Restaurant without charge.

In our opinion, the financial statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described above, present fairly the financial position of the House of Representatives Restaurant at July 6, 1974, the results of its operations, and the changes in its financial position for the fiscal year then ended.

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Axtell".

Comptroller General
of the United States

SCHEDULES

HOUSE OF REPRESENTATIVES RESTAURANT
 COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
 JULY 6, 1974, AND JUNE 23, 1973

	<u>July 6, 1974</u>	<u>June 23, 1973</u>		
ASSETS				
CASH:				
Funds with U.S.				
Treasury	\$218,855		\$147,585	
Undeposited receipts	-		8,339	
Petty cash and change funds	<u>14,250</u>	\$233,105	<u>12,950</u>	\$168,874
PREPAID EXPENSES		3,136		187
ACCOUNTS RECEIVABLE		90,096		66,812
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, AT COST		<u>72,376</u>		<u>51,793</u>
Total assets		<u>\$398,713</u>		<u>\$287,666</u>
LIABILITIES AND EQUITY				
LIABILITIES:				
Amounts due vendors	\$144,172		\$ 85,530	
Net payroll and benefits	42,908		38,728	
Federal and D.C. withholding taxes	7,543		6,454	
Employees' accrued leave	53,571		50,156	
Allowance for purchase of china, glassware, silverware, and kitchen utensils	<u>7,847</u>		<u>13,882</u>	
Total liabilities		<u>\$256,041</u>		<u>\$194,750</u>
EQUITY:				
Contributed capital		50,000		50,000
Operating funds:				
Balance at beginning of year	42,916		24,035	
Less fiscal 1973 payroll paid in fiscal 1974	<u>3,232</u>		<u>-</u>	
Balance at end of year	39,684		24,035	
Net profit (sch. 2)	<u>52,988</u>	<u>92,672</u>	<u>18,881</u>	<u>42,916</u>
Total equity		<u>142,672</u>		<u>92,916</u>
Total liabilities and equity		<u>\$398,713</u>		<u>\$287,666</u>

SCHEDULE 2

HOUSE OF REPRESENTATIVES RESTAURANT
 COMPARATIVE STATEMENT OF OPERATIONS
 FOR FISCAL YEARS ENDED JULY 6, 1974, JUNE 23, 1973,
 JUNE 24, 1972, AND JUNE 26, 1971

	July 6, 1974		June 23, 1973		June 24, 1972		June 26, 1971	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
SALES OF FOOD AND BEVERAGES:								
Regular services	\$1,828,362	84.8	\$1,413,650	84.6	\$1,342,147	86.1	\$1,307,380	85.7
Catering	327,333	15.2	256,723	15.4	216,624	13.9	217,641	14.3
Total	2,155,695	100.0	1,670,373	100.0	1,558,771	100.0	1,525,021	100.0
Cost of food and beverages sold	842,982	39.1	634,431	38.0	581,234	37.3	647,388	42.5
GROSS PROFIT	1,312,713	60.9	1,035,942	62.0	977,537	62.7	877,633	57.5
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	a/b/840,873	39.0	699,863	41.9	713,560	45.8	901,650	59.1
Overtime	56,308	2.6	39,374	2.4	35,924	2.3	46,892	3.1
Leave expense	66,392	3.1	53,510	3.2	68,315	4.4	72,831	4.8
Employee meals	40,541	1.9	27,008	1.6	27,899	1.8	27,600	1.8
Employee benefits	73,084	3.4	61,439	3.7	64,675	4.1	70,715	4.6
Administrative costs	112,990	5.2	97,143	5.8	83,220	5.3	-	-
Laundry	34,923	1.6	23,798	1.4	35,871	2.3	56,809	3.7
Paper supplies	62,498	2.9	45,790	2.7	45,253	2.9	44,665	2.9
Cleaning supplies	20,126	.9	16,173	1.0	13,804	.9	15,022	1.0
Miscellaneous	14,946	.7	15,063	.9	18,495	1.2	30,929	2.0
Replacement of china, glassware, silverware, and kitchen utensils	13,394	.6	10,891	.7	11,499	.7	23,549	1.6
Total	1,336,075	61.9	1,090,052	65.3	1,118,515	71.7	1,290,662	84.6
LOSS ON FOOD AND BEVERAGE OPERATION	23,362	1.0	54,110	3.3	140,978	9.0	413,029	27.1
CIGAR-STAND MERCHANDISE:								
Sales	313,342	100.0	272,739	100.0	263,661	100.0	300,915	100.0
Cost of sales	212,583	67.8	183,079	67.1	184,798	70.1	223,364	74.2
GROSS PROFIT	100,759	32.2	89,660	32.9	78,863	29.9	77,551	25.8
CIGAR-STAND LABOR AND BENEFITS	b/30,091	9.6	22,112	8.1	17,044	6.5		
PROFIT ON CIGAR-STAND OPERATIONS	70,668	22.6	67,548	24.8	61,819	23.4		
VENDING MACHINE COMMISSION	5,682		5,443		5,792		4,563	
NET OPERATING INCOME OR LOSS (-)	52,988		18,881		-73,367		-330,915	
EQUIPMENT EXPENDITURES	-		-		345		9,813	
NET PROFIT OR LOSS (-) FOR THE YEAR	\$ 52,988		\$ 18,881		\$ -73,712		\$ -340,728	

a/ Straight time (\$102,136) and employee benefits (\$10,854) for administrative personnel were reported under administration costs for the period June 24, 1973, through July 6, 1974.

b/ Straight time (\$23,960), overtime (\$1,048), leave expense (\$1,881), employee meals (\$936), and employee benefits (\$2,266), for cigar-stand personnel were reported under cigar-stand labor and benefits for the period June 24, 1973, through July 6, 1974.

HOUSE OF REPRESENTATIVES RESTAURANT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FISCAL YEAR ENDED JULY 6, 1974

FUNDS PROVIDED:	
Sales	\$2,474,719
Total	<u>\$2,474,719</u>
FUNDS APPLIED:	
Cost of merchandise sold	\$1,055,565
Salaries and wages	1,107,288
Other operating expenses	258,878
Decrease in reserve for replacement of china, glassware, and silverware	6,035
Decrease in operating funds for payment of fiscal 1973 payroll	3,232
Increase in working capital	<u>43,721</u>
Total	<u>\$2,474,719</u>
ANALYSIS OF CHANGES IN WORKING CAPITAL	
INCREASE IN CURRENT ASSETS:	
Cash	\$ 64,231
Accounts receivable	23,284
Inventories	20,583
Prepaid expenses	<u>2,949</u>
Total	<u>111,047</u>
LESS INCREASE IN CURRENT LIABILITIES:	
Amounts due vendors	58,642
Payroll, benefits, and taxes payable	5,269
Employees' accrued leave	<u>3,415</u>
Total	<u>67,326</u>
INCREASE IN WORKING CAPITAL	<u>\$ 43,721</u>

EXHIBIT

HOUSE OF REPRESENTATIVES RESTAURANT
 STATEMENT OF OPERATIONS
 FISCAL YEAR TO DATE - JUNE 24, 1973 THRU JULY 6, 1974
 13th ACCOUNTING PERIOD

	COMBINED OPERATIONS		CONGRESSIONAL RESTAURANT		MEMBERS' DINING ROOM		CAPITOL CARRY-OUT		LONGWORTH CATERING		LONGWORTH CARRY-OUT		CANNON CARRY-OUT		RAYBURN CATERING		RAYBURN CARRY-OUT		RAYBURN CATERING		BAKERY	
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES
FOOD																						
SALES	1,828,361.47	84.8	236,181.37	83.9	26,134.10	100.0	113,282.99	100.0	579,117.85	97.6	148,392.90	100.0	179,570.01	100.0	410,265.66	100.0	135,416.59	100.0	267,815.45	100.0	74,823.15	100.0
Food	327,333.09	15.2	45,352.55	16.1					14,165.09	2.4					17,524.57	4.3	5,404.66	4.0	2,545.10	1.0	(74,823.15)	(100.0)
Catering																						
TOTAL	1,551,694.56	100.0	281,533.92	100.0	26,134.10	100.0	113,282.99	100.0	593,282.94	100.0	148,392.90	100.0	179,570.01	100.0	427,790.23	100.0	140,821.15	100.0	272,360.55	100.0	74,823.15	100.0
COST OF FOOD SOLD																						
Transfers from Bakery	842,981.89	39.1	112,867.05	40.1																		
Purchased from Vendors																						
Less Inter-Unit Sales																						
TOTAL	842,981.89	39.1	112,867.05	40.1																		
GROSS PROFIT ON FOOD	708,712.67	60.9	168,666.87	59.9	26,134.10	100.0	520,000.00	100.0	579,117.85	97.6	148,392.90	100.0	179,570.01	100.0	410,265.66	100.0	135,416.59	100.0	267,815.45	100.0	74,823.15	100.0
OPERATING EXPENSES																						
Labor	840,872.61	39.0	213,929.52	76.0	31,785.85	121.6	32,851.45	29.0	207,880.05	35.0	35,061.92	23.6	36,416.18	20.3	147,077.12	35.9	30,798.72	22.7	74,575.17	27.9	30,496.63	40.8
Straight Time	56,307.67	2.6	28,872.54	10.3	1,556.73	6.0	252.33	.2	13,912.62	2.4	3,020.21	2.0	3,439.22	1.9	1,388.35	.3	1,168.59	.9	2,282.80	.9	414.28	.6
Overtime	180,017.14	8.4	49,236.44	17.5	6,531.12	25.0	8,086.06	7.1	43,665.35	7.4	7,035.79	4.7	7,357.84	4.1	33,692.13	8.2	6,912.53	5.1	11,701.96	4.4	5,797.92	7.8
Employee Benefits	1,077,197.42	50.0	292,038.50	103.8	39,873.70	152.6	41,189.84	36.3	265,458.02	44.8	45,117.92	30.3	47,213.24	26.3	182,157.60	44.4	38,879.84	28.7	88,559.93	33.2	36,708.83	49.2
TOTAL LABOR COSTS	1,077,197.42	50.0	292,038.50	103.8	39,873.70	152.6	41,189.84	36.3	265,458.02	44.8	45,117.92	30.3	47,213.24	26.3	182,157.60	44.4	38,879.84	28.7	88,559.93	33.2	36,708.83	49.2
Administrative Costs	112,990.26	5.2	33,301.14	11.8	8,288.83	31.7	5,361.72	4.7	22,543.66	3.8	5,228.38	3.5	5,484.63	3.1	15,589.49	3.8	4,353.59	3.2	10,132.88	3.8	2,702.94	3.6
Laundry	34,922.63	1.6	13,632.44	4.8	1,506.66	5.6	335.43	.3	7,066.62	1.2	755.42	.5	672.72	.4	5,722.08	1.4	693.49	.5	3,739.67	1.4	798.10	1.1
Paper Supplies	62,498.29	2.9	5,928.75	2.1	511.87	2.0	3,889.05	3.4	10,478.75	1.8	6,060.69	4.1	8,377.10	4.7	13,677.72	3.3	6,238.91	4.6	6,095.52	2.3	1,239.93	1.7
Cleaning Supplies	20,126.37	.9	4,839.67	1.7	466.88	1.8	40.22	.1	6,478.20	1.1	176.68	.1	498.06	.3	6,211.06	1.5	326.56	.2	1,017.72	.4	81.32	.1
Miscellaneous Expense (Chalk, Gauze, Stickers, Repl. ements)	14,946.30	.7	4,257.12	1.5	518.35	2.0	529.96	.5	2,735.16	.5	726.06	.5	1,038.06	.6	1,615.97	.4	736.12	.5	2,255.28	.8	534.22	.7
TOTAL OPERATING EXPENSES	1,336,075.14	61.9	339,628.25	127.7	51,286.95	196.2	51,349.22	45.3	317,726.83	53.7	58,065.15	39.0	63,283.81	35.4	227,025.30	55.3	51,228.51	37.7	113,140.78	42.4	43,340.34	58.1
PROFIT OR (LOSS) ON FOOD OPERATIONS	(23,362.47)	(1.0)	(196,454.15)	(69.8)	(35,636.15)	(136.3)	(18,202.20)	(16.0)	(10,681.80)	(1.7)	(30,381.04)	(20.6)	(42,344.30)	(23.5)	(8,879.17)	(2.2)	(30,424.39)	(22.6)	(75,973.03)	(28.2)	(8,158.10)	(11.1)
TOBACCO AND CANDY STANDS																						
SALES	313,341.53	100.0	32,155.99	100.0			10,361.61	100.0	177,126.73	100.0					93,697.20	100.0						
CRUST OR SALES	212,583.38	67.8	21,238.18	66.1			6,536.27	63.1	120,577.99	68.1					29,466.26	31.4						
GROSS PROFIT	100,758.15	32.2	10,917.81	33.9			3,825.34	36.9	56,548.74	31.9					6,127.22	6.5						
Labor Expense & Benefits	30,090.63	9.6	2,970.69	9.2			915.22	8.8	20,077.50	11.3					23,339.04	24.9						
PROFIT OR (LOSS) ON TOBACCO AND CANDY STANDS OPERATIONS	70,667.52	22.6	7,947.12	24.7			2,910.12	28.1	36,471.24	20.6					3,128.13	3.3						
VENDING MACHINES COMMISSIONS	5,682.51																					
NET PROFIT OR (LOSS) ON OPERATIONS	52,987.56		(188,507.03)		(35,636.15)		21,112.32		47,153.04		30,381.04		45,472.43		32,218.21		2,554.38		32,978.77		75,973.03	(8,158.10)
EQUIPMENT EXPENDITURES																						
NET INCOME OR (DEFICIT)	52,987.56																					

BEST DOCUMENT AVAILABLE